

Message Text

CONFIDENTIAL

PAGE 01 BONN 02580 101805Z
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
TRSE-00 ACDA-07 MC-02 OMB-01 IO-13 IGA-02 EB-08 /098 W
-----110159Z 127649 /62

R 101754Z FEB 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5528
INFO SECDEF WASHDC
AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION NATO BRUSSELS
AMEMBASSY JAKARTA
CINCEUR VAIHINGEN

C O N F I D E N T I A L BONN 02580

E.O. 11652: GDS
TAGS: MASS, PARM, EGEN, ETRD, ID, GW
SUBJECT: SALE OF TWO SUBMARINES TO INDONESIA

REF: BONN 2119, DTG 031737Z FEB 77

1. THE CHIEF OF SOUTH AND SOUTHEAST ASIAN AFFAIRS IN THE FONOFF (STEGER) HAS EXPLAINED TO US THE POLITICAL BACKGROUND OF THE FRG DECISION TO SELL TWO SUBMARINES TO INDONESIA ON CREDIT.
2. ACCORDING TO STEGER, THE SUBMARINE SALE REPRESENTS NO CHANGE IN POLICY FROM A POLITICAL POINT OF VIEW. STEGER POINTS OUT THAT IT IS FRG POLICY TO SUPPORT THE MEMBER STATES OF ASEAN, BOTH POLITICALLY AND ECONOMICALLY. IN THIS CONNECTION, THE ASEAN STATES ARE FACED WITH A DRASTICALLY INCREASED SECURITY PROBLEM WITH THE EMERGENCE OF VIETNAM AS THE LEADING MILITARY POWER IN THE AREA, WELL EQUIPPED WITH CAPTURED U.S. CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 02580 101805Z

WEAPONS. THEREFORE, IN ITS POLICY TOWARD ASEAN MEMBERS THE FRG SHOULD TAKE INTO ACCOUNT THEIR DESIRE TO ENSURE THEIR OWN SECURITY.

3. IN THE CASE OF INDONESIA, STEGER NOTED THAT IT HAS PERHAPS THE GREATEST SECURITY PROBLEM OF ANY ASEAN MEMBER. IT IS AN ISLAND NATION WITH A SEVERE COMMUNICA-

TIONS PROBLEM. A NAVY IS ESSENTIAL TO THE SOLUTION OF THIS PROBLEM.

4. IN SUPPORT OF ITS AIM TO ASSIST ASEAN MEMBERS TO MAINTAIN THEIR INDEPENDENCE, THE FRG HAS PREVIOUSLY SOLD ARMS IN THE AREA. THESE ARMS SALES HAVE BEEN MODEST AND THE FRG IS NOT SEEKING TO BECOME A MAJOR ARMS SUPPLIER TO THE REGION. NEVERTHELESS, IT HAS AN EXISTING SUPPLY RELATIONSHIP INTO WHICH THE TWO SUBMARINES FIT.

5. STEGER ACKNOWLEDGED THAT THE DECISION TO EXTEND AN EXPORT CREDIT GUARANTEE FOR THE SUBMARINE SALE WAS UNPRECEDENTED. HE ADDED THAT THERE ARE NO PLANS TO REPEAT THIS EXAMPLE. THE CREDIT GUARANTEE WAS APPROVED ON THE RECOMMENDATION OF THE ECONOMICS MINISTRY IN VIEW OF THE HIGH DEGREE OF UNEMPLOYMENT IN THE GERMAN SHIPYARDS. PROVISION OF SHIPS HAS BEEN A LONGSTANDING ELEMENT IN FRG AID OFFERS TO JAKARTA.

6. THE FONOFF IS NOT HAPPY ABOUT THE DECISION TO EXTEND THIS EXPORT CREDIT TO INDONESIA, ACCORDING TO STEGER. HOWEVER, THE ONLY GROUNDS FOR THE FONOFF'S UNHAPPINESS IS THE EXPECTATION THAT THE EXTENSION OF THIS CREDIT WILL PROMPT REQUESTS FOR MANY MORE. THE FONOFF IN NO WAY OPPOSES SUPPLY OF THE SUBMARINES TO INDONESIA. ON THE CONTRARY, IT SUPPORTS IT FOR THE REASONS STATED ABOVE.

STOESSEL

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 02580 101805Z

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ARMS PRODUCTION, EXPORT CREDIT GUARANTEES, SUBMARINES
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN02580
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770048-1053
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770255/aaaabwwp.tel
Line Count: 97
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 555e74c8-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 BONN 2119
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3358006
Secure: OPEN
Status: NATIVE
Subject: SALE OF TWO SUBMARINES TO INDONESIA
TAGS: MASS, PARM, EGEN, ETRD, ID, GE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/555e74c8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009